

Message Text

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PAGE 01 SEOUL 05675 230758Z

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W
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R 230329Z JUL 76
FM AMEMBASSY SEOUL
TO USDOC WASHDC
INFO SECSTATE WASHDC 8462
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO
AMEMBASSY MANILA
AMCONSUL HONG KONG

UNCLAS SEOUL 5675

E.O. 11652: N/A

TAGS: BENC, ETRD, KS

SUBJECT: MAJOR PROJECT - IBRD'S SECOND PORT DEVELOPMENT PROJECT

1. PROJECT DESCRIPTION: THE ROK OFFICE OF PORT AUTHORITY (KPA) IS NEGOTIATING A LOAN OF APPROXIMATELY DOLLARS 100 MILLION FROM THE WORLD BANK (IBRD) TO EXPAND AND MODERNIZE PORT FACILITIES AT PUSAN AND MASAN ON THE SOUTHERN COAST OF KOREA. THE PLANS INCLUDE CONSTRUCTION OF A CONTAINER YARD AT PUSAN PORT AND A MARSHALLING YARD FOR INDUSTRIAL PRODUCTS AT MASAN PORT AND TO MODERNIZE BOTH WITH NEW CARGO HANDLING EQUIPMENT. EXPANSION WILL SUPPORT THE NEW HEAVY MACHINERY INDUSTRIAL BASE BEING DEVELOPED AT THE NEARBY CHANGWON MACHINERY INDUSTRIAL ESTATE.

2. IMPLEMENTING OFFICE:

MR. CHOI, HOON, CHIEF
INTERNATIONAL ECONOMIC COOPERATION DIVISION
KOREA PORT AUTHORITY
Z ROOM #907, 9TH FLOOR, SAMYANG SA BUILDING
#263, YOUNJI DONG, CHONGRO-KU, SEOUL 110, KOREA

3. COST AND FINANCING: TOTAL PROJECT COSTS ARE PRESENTLY ESTIMATED AT DOLLARS 156 MILLION. FOREIGN EXCHANGE COSTS OF UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SEOUL 05675 230758Z

APPROXIMATELY DOLLARS 100 MILLION WITH FINANCE IMPORT OF

EQUIPMENT AND EMPLOYMENT OF FOREIGN CONSULTANT SERVICES. ROKG HAS NOT YET OBTAINED FINANCING OF FOREIGN EXCHANGE COSTS ON THIS PROJECT, BUT HAS RECEIVED PRELIMINARY COMMITMENT FROM IBRD FOR THE DOLLARS 90 MILLION LOAN.

4. EXPECTED BID DATES: UNKNOWN, DEPENDS ON AVAILABILITY OF THE FOREIGN EXCHANGE FINANCING. A TECHNICAL AND ECONOMIC FEASIBILITY STUDY FOR THE PROJECT WAS COMPLETED IN MARCH 1976 BY (U.S.) TRANS ASIA, ARTHUR D. LITTLE, AND KING GAVARIES, A CONSORTIUM FOR THIS PROJECT. THE STUDY WAS FINANCED BY A DOLLARS 970,000 ALLOCATION OUT OF A EARLIER LOAN OF DOLLARS 80 MILLION TO FINANCE DEVELOPMENT OF THE PORTS OF PUSAN AND VUKHO NOW GOING FORWARD UNDER THE SUPERVISION OF (U.S.) LYON ASSOCIATES. A FORMAL LOAN REQUEST FOR SUBJECT PROJECT WAS MADE TO IBRD BY THE ROK ECONOMIC PLANNING BOARD (EPB) RECENTLY AND IS UNDER REVIEW BY IBRD. THE ROKG HOPES TO CONCLUDE A FORMAL LOAN AGREEMENT BY THE END OF CY 1976 OR EARLY IN CY 1977.

5. POTENTIAL U.S. SALES: U.S. INVOLVEMENT COULD INCLUDE PROJECT CONSULTING SERVICES (EST. VALUE DOLLARS 4.5 MILLION), INCLUDING DETAILED ENGINEERING DESIGN, PREPARATION OF THE SPECIFICATIONS FOR TENDER DOCUMENTS AND CONSTRUCTION SUPERVISION, AS WELL AS EQUIPMENT, INCLUDING: FOUR 30.5 TON CONTAINER HANDLING CRANES, FOURTEEN 30.5 TON TRANSTAINERS, TWO TUG BOATS (3,000 HP), SIX 25 TON PORTABLE CRANES, 10 TRUCK SCALES, 24 CONTAINER HANDLING TRUCKS (TRACTORS) AND 72 CHASSIS CONTAINERS.

6. POST COMMENTS: SELECTION OF A FOREIGN CONSULTING FIRM GENERALLY INVOLVES THE ISSUANCE OF INVITATIONS FOR PREQUALIFICATION FIRST, AND THEN, BASED ON PREQUALIFICATION DOCUMENTS, KPA PREPARES A SHORT LIST OF PROSPECTIVE CONSULTANTS TO BE HIRED FOR THE PROJECT. THE LIST IS SUBMITTED TO THE LENDING BANK FOR CONCURRENCE AFTER WHICH KPA WILL REQUEST THE SELECTED FIRMS TO SUBMIT TECHNICAL PROPOSALS IN ACCORDANCE WITH THE TERMS OF REFERENCE FOR KPA EVALUATION.

EQUIPMENT IMPORTS ARE GENERALLY DECIDED BY INTERNATIONAL COMPETITIVE BIDDING THROUGH THE OFFICE OF SUPPLY, GOVERNMENT OF THE REPUBLIC OF KOREA (OSROK). BID SPECIFICATIONS WILL BE MATTER OF CONSULTATIONS BETWEEN THE ROKG AND THE LENDING BANK.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 SEOUL 05675 230758Z

KPA, HOWEVER, IS LIKELY TO PREPARE SPECIFICATIONS FOR THE EQUIPMENT WITH THE ASSISTANCE THE FOREIGN CONSULTING FIRM SELECTED.

THE KOREA PORT AUTHORITY (KPA), UNDER THE JURISDICTION OF THE MINISTRY OF TRANSPORTATION, WAS ESTABLISHED ON MARCH 13, 1976 TO GOVERN MARINE TRANSPORTATION (COASTAL AND OCEAN GOING) AND TO PLAN, CONTRUCT, OPERATE AND MAINTAIN KOREAN PORTS. THE

AUTHORITY IS HEADED BY A DIRECTOR-GENERAL WHO RANKS AT THE VICE MINISTERIAL LEVEL.

KPA OFFICIALS INDICATED THAT U.S. CONSULTANT FIRMS WILL FACE STIFF COMPETITION FROM A FRENCH FIRM (BCEOM) AND A NETHERLANDS FIRM (NEDECO) BOTH OF WHICH WERE INVOLVED IN PREPARING THE BASIC KOREW TRANSPORTATION SURVEY OF 1966.
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